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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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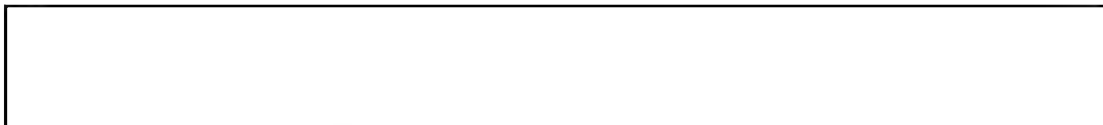
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Communist China - North Korea: Peking's appointment of a new ambassador to Pyongyang reflects the marked improvement in relations that has developed within the past six months.

Relations between the two states reached a low point about three years ago, in the early months of China's Cultural Revolution. The Chinese ambassador was recalled amidst stinging propaganda exchanges. A thaw in relations first became noticeable last October when Pyongyang sent a high-level delegation to attend China's National Day celebrations. Last month the North Korean ambassador returned to Peking after an absence of over two years.

According to a Chinese press dispatch, Peking's new ambassador, a career diplomat, left for his post on 23 March. The appointment is in keeping with Peking's practice of selecting experienced foreign affairs personnel as new chiefs of mission. From May to July last year, 17 Chinese ambassadors were sent abroad. The lapse since then suggests that Peking has had trouble finding politically acceptable men to act as ambassadors. The latest appointment could indicate that a posting of additional ambassadors is in the offing.



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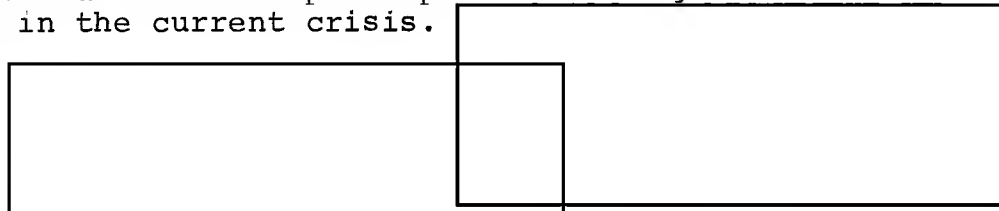
Philippines: Student protesters have seized on popular economic grievances that could in time increase their leverage on President Marcos.

For the past two days, students in Manila have been disrupting traffic by stoning buses and government vehicles to protest a 50-percent rise in bus fares. The new fares come on top of the sharp increase in living costs that has occurred since the peso was devalued last month. The students' protest, however, will probably not garner much immediate public support because of their continued resort to violence.

Recent demonstrations have not attracted large numbers because the students have been preparing for final examinations. The schools soon close for annual vacations and more students will be available for street action, especially the hard-core agitators.

Continued rises in the cost of living would provide moderate student leaders, who until now have been overshadowed by violence-prone radicals, with an issue that could be pushed responsibly and could win substantial public support.

Rather than respond with steps to meet public dissatisfaction, however, Marcos might turn to drastic measures. His recent remark that a confrontation with domestic Communists might necessitate emergency measures was probably intended to set the stage for a possible imposition of martial law. This step would not only solidify popular opposition to him, but would weaken his support from the nonpolitical military, which has been the principal moderating influence on him in the current crisis.



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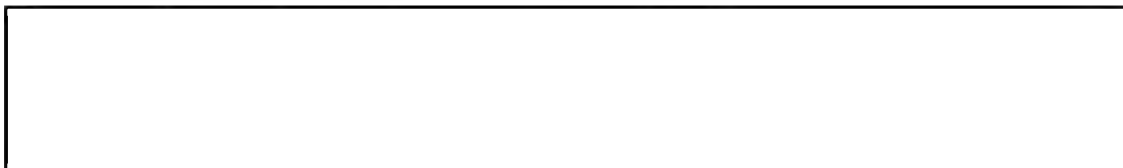
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Dominican Republic: Yesterday's kidnaping of the US air attaché will aggravate the difficulties the government faces in dealing with already widespread pre-election unrest.

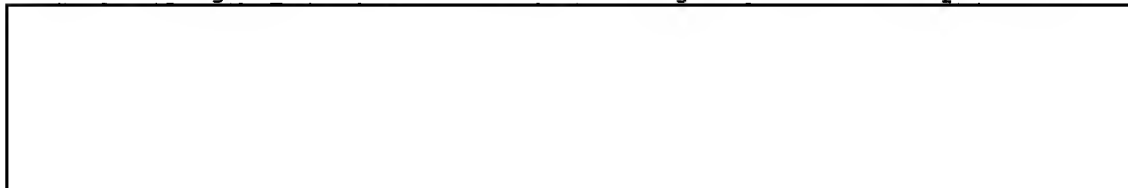
The kidnaping was presumably carried out by members of the Communist Dominican Popular Movement (MPD), the most activist and terrorist-prone of the several Communist factions. The kidnapers have demanded the release within 48 hours of the MPD secretary general, who was captured by the government in January, and 20 other prisoners.

The unrest of recent weeks has included killings by both the Communists and the military and continued civilian-police clashes. The major opposition party, dominated by the radical left, has decided not to participate in the May elections.



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All opposition political groups will probably use the kidnaping to reinforce their campaign charge that the government is unable to guarantee the peace.



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Panama: The government is running deeper in debt in its effort to offset the decline in domestic private investment.

A new \$10-million short-term, high-interest loan has been secured [redacted] Additional funding will be needed to refinance the \$22 million in short-term funds obtained last year.

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Although the economic growth rate remains high, the government has not been able to restore investor confidence. At the same time it has been reluctant to increase taxes enough to cover its politically important public works program.

The government recently obtained a standby credit from the International Monetary Fund and is trying to obtain a long-term financial package from private US sources. If the latter effort is unsuccessful and large budget deficits persist, the government may further increase its efforts to get additional benefits from the country's major resource, the Canal. Moreover, it may see important political advantages in focusing domestic attention on the Canal issue and relations with the United States.

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Laos: Communist forces are increasing their pressure against the Long Tieng defense perimeter. During the early morning hours of 24 March, several government positions on the high ground overlooking the base came under heavy enemy attack. Government troops rebuffed all but one of these assaults and were able quickly to reoccupy the one outpost lost some three miles northwest of the airstrip. In order to meet the increased threat to the base, Vang Pao is strengthening his eastern flank by positioning 300 troops immediately southeast of the airstrip.

[REDACTED]

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Italy: Prime Minister-designate Mariano Rumor's success in securing the backing of the Christian Democrats, the Socialists, the Unitary Socialists, and the Republicans makes it likely that he will be able to form a new center-left government. Bargaining is now under way over the allocation of ministerial and other posts. With the threat of early national elections past, parliament will be able to continue work on a variety of partially enacted economic, administrative, and social reforms.

[REDACTED]

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\* \* \* \*

Czechoslovakia: The government recently approved several new measures aimed at overcoming labor shortages and sagging productivity. Workers must donate their services on four Saturdays during the year, and additional "voluntary" work shifts are being encouraged. Plans by industry to employ additional workers in 1970 have been significantly scaled down, and enterprises cannot recruit labor without prior governmental approval. In addition, administrative and management personnel in both government and industry will be reduced by ten percent this year. The party organ Rude Pravo warns that if these measures are not sufficient to release additional labor, more stringent moves will be necessary.

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Turkey: The current flurry of student unrest appears to be subsiding after some boycotts and violence in widely scattered parts of the country. The absence of anti-American incidents in Istanbul this past weekend was largely a result of exceptional security precautions. It also reflected leftist fear of a showdown with the extreme right as well as infighting between moderates and extremists for control of the student movement. It has become increasingly apparent, however, that the extreme left has zeroed in on student and teacher organizations as the nuclei for its front organizations. [redacted]

[redacted] some students are receiving guerrilla training from Arab terrorist organizations. [redacted]



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Arab States: The first Arab Petroleum Congress since the Arab-Israeli war in 1967 has ended on an unusually moderate note. Although the Congress has been known in the past as a forum for attacking Western oil concessions, the recommendations issued at the close of the congress this week emphasized cooperation between the oil-producing states and the companies in order to achieve "utmost efficiency." With the Egyptian delegation taking the lead, the congress ignored the radical suggestions of a few delegates. Instead, it concentrated on discussing the means by which oil-producing countries could capture a greater portion of the profits now retained by the oil companies, and on how to attract greater industrial investment.

[REDACTED]

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Bolivia: Preliminary agreement reached with Spanish officials may be the first step toward solving the problem of the nationalized Bolivian Gulf Oil Company properties. The agreements provide that a Spanish company would operate the facilities, indemnify Gulf from the oil revenues, and pay Gulf in oil for its expenditures on gas reduction plants in Bolivia.

[REDACTED]

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[REDACTED] the negotiators recommend that the governments exchange notes endorsing the arrangements.

[REDACTED]

Chile: Leftist violence has disrupted some campaign appearances of Jorge Alessandri, the independent conservative candidate in the September presidential election. Disturbances marked his trip to Concepcion Province, a leftist stronghold, and there were numerous arrests and personal injuries. The leftists may hope that by disrupting Alessandri's campaign they can belittle his promise to bring law and order to Chile. These tactics may backfire, however, by outraging the Chilean public.

[REDACTED]

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